

MARKETBEAT

SYRACUSE, NY INDUSTRIAL REPORT



2Q10

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AT A GLANCE

• One obstacle that the Syracuse industrial market has yet to overcome is the perception that there is a very large quantity of good available warehouse and manufacturing space available, specifically in the 10,000 to 30,000-square foot (sf) range. Functionally obsolete, including multi-story warehouse and former manufacturing difficult or impossible to reconfigure for current needs, counts towards a large amount of this perception. Much of the demand is for modern, single story spaces providing flexible features and adaptable to more uses. Well maintained office service space is also in demand as is food grade warehouse space and freezer and cold storage space. Large blocks of warehouse space are in oversupply in the Syracuse market with closings of the former P&C distribution warehouses and the John Deere facility in 2010, as well as Syracuse China, Magna Powertrain and Ball Plastics in 2009 contributing to the 13.5% overall vacancy.

• Developers are slow to commit to new construction while construction costs outweigh what tenants are willing to pay. Tenants interested in moving are shopping the market more carefully and looking at every opportunity. Some are enticed by landlords offering free rent and amenities, others are reluctant to move looking to re-negotiate their current leases and re-setting base years. Lease rates appear to be slowly dropping as landlords are willing to take modest lease prices up front, while escalating leases over term to attract tenants.

• Just outside of the Syracuse market, Tessy Plastics is continuing to expand their headquarters in Elbridge, NY and adding another 90,000 ± sf to their already 100,000 ± sf facility. It was announced in May 2010 that Tessy plans to purchase the 270,000-sf former Syroco plant in the town of Van Buren for warehouse/distribution with some manufacturing.

ECONOMIC INDICATORS

	2009	2010F	2011F
National			
GDP Growth	-2.4%	3.1%	3.9%
CPI Growth	-0.3%	1.8%	2.1%
Regional			
Unemployment	8.0%	8.2%	8.1%
Employment Growth	-2.6%	0.1%	1.0%

Source: Moody's | Economy.com

BEAT ON THE STREET

Business incubators such as the Syracuse Technology Garden, along with the newly opened Syracuse Center of Excellence, a joint venture with Syracuse University, SUNY ESF & Cornell, is a hopeful sign that Syracuse is beginning to see positive growth with the increase of new start-up ventures.

MARKET HIGHLIGHTS

SIGNIFICANT 2010 NEW LEASE TRANSACTIONS

BUILDING	TENANT	SF	PROPERTY TYPE
4626 Crossroads Park Dr.	Xpedx	70,000	Warehouse
1810 Lemoyne Ave.	Allstate Stamping	28,000	Warehouse
7635 Edgecomb Dr.	Cintas	28,177	Warehouse
7645 Henry Clay Blvd.	Revonate Manufacturing	27,000	Warehouse
6606 Joy Road	PPC	18,300	Warehouse
300 Hiawatha Blvd.	Proliteracy Worldwide	16,930	Warehouse
2320 Milton Ave.	IBGOOD	11,775	Warehouse

SIGNIFICANT 2010 SALE TRANSACTIONS

BUILDING	BUYER	SF	PURCHASE PRICE
6361 Thompson Road	RAV Properties	264,000	\$942,000
124 Metropolitan Park Dr.	American Food Vending	28,955	\$1,175,000
6000 Court Street Road	Sonbyrne Sales	14,000	\$345,000
7021 Performance Dr.	Empire Crane	14,000	\$900,000

SIGNIFICANT 2010 CONSTRUCTION COMPLETIONS

BUILDING	MAJOR TENANT	SF	COMPLETION DATE
Almond & Water Streets	SyrCOE	55,000	2010
805 Spencer Street	FleetPride	35,000	2010

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

BUILDING	MAJOR TENANT	SF	COMPLETION DATE
NA			

MARKET STATISTICS

MARKET/ SUBMARKET	OVERALL VACANCY RATE	YTD LEASING ACTIVITY	DIRECT WEIGHTED AVERAGE NET RENTAL RATE*			
			HT	MF	OS	W/D
SYR-North	10.2%	158,111	\$11.00	\$2.93	\$8.20	\$3.95
SYR-East	14.9%	128,761	\$11.00	\$3.50	\$6.03	\$3.55
SYR-South	6.7%	0	NA	\$4.00	\$6.00	\$2.61
SYR-West	20.5%	11,775	NA	NA	\$6.00	\$2.74
TOTAL	13.5%	222,416	\$11.00	\$3.06	\$6.59	\$3.61

*Rental rates reflect \$psf/year
HT = High Tech MF = Manufacturing OS = Office Service W/D = Warehouse/Distribution

*Market terms & definitions based on BOMA and NAIOP standards.

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